

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
GLOBAL PLUS 1C CONTRACTS (MC2012-6)
NEGOTIATED SERVICE AGREEMENTS

Docket No. CP2014-40

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 2**
(August 19, 2014)

The United States Postal Service hereby provides its response to Chairman's Information Request No. 2, which was issued on August 13, 2014. Responses were due by August 19, 2014. The question in Chairman's Information Request No. 2 is reprinted verbatim and is followed by the Postal Service's response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE
By its attorneys:

Anthony F. Alverno
Chief Counsel
Global Business and Service Development
Corporate and Postal Business Law Section

Christopher C. Meyerson
Attorney

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1137
(202) 268-7820, Fax -5628
August 19, 2014

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 2

To clarify the basis of the Postal Service's modification to the existing Global Plus 1C negotiated service agreement approved in this docket,¹ the Postal Service is asked to provide a written response to the following question. The answer should be provided by August 19, 2014.

1. Please refer to the supporting workpapers for the revised Priority Mail Express International (PMEI) and Priority Mail International (PMI) prices for this Global Plus 1C contract (Excel files CP2014-40 GEPS_4month_Public.xls and CP2014-40 GEPS_7month_Public.xls), as well as the original PMEI and PMI supporting workpapers for this contract (CP2014-40 PMEI_PMI_Pub_WP2014_04_10.xls).

There were two changes in the workpapers that do not appear to have been noted by the Postal Service: (1) the total projected PMEI and PMI volumes (4-months file plus 7-months file) that will be mailed under the contract; and (2) the postage vendor revenue sharing percentage. See Tab "01_Inputs," cells [As]:[Qt] and [Ar], respectively, in each workbook. Please provide an explanation for each change.

¹ Notice of the United States Postal Service of Filing Modification to Global Plus 1C Negotiated Service Agreement, August 8, 2014.

RESPONSE:

The change in the total projected PMEI and PMI volumes (4-months file plus 7-months file) that will be mailed under the contract resulted from incorporating into the financial workpapers the most recent historical data that was available at the time of filing the modification. Use of the most recent data enhances the accuracy of the expected revenues and costs from the agreement.

The change in the postage vendor revenue sharing percentage resulted from correcting an error in the financial workpapers included with the Postal Service's initial filing in this docket. Those financial workpapers incorrectly listed the postage vendor, and as a result, incorrectly listed the postage vendor revenue sharing percentage for this agreement.